

1 MARK D. FOWLER (Bar No. 124235)
mark.fowler@dlapiper.com
2 CLAYTON THOMPSON (Admitted Pro Hac Vice)
clayton.thompson@dlapiper.com
3 DAVID ALBERTI (Bar. No. 220625)
david.alberti@dlapiper.com
4 CHRISTINE K. CORBETT (Bar No. 209128)
christine.corbett@dlapiper.com
5 YAKOV M. ZOLOTOREV (Bar No. 224260)
yakov.zolotorev@dlapiper.com
6 CARRIE L. WILLIAMSON (Bar No. 230873)
carrie.williamson@dlapiper.com

7 DLA PIPER US LLP
8 2000 University Avenue
East Palo Alto, CA 94303-2215
9 Tel: 650.833.2000
Fax: 650.833.2001

10 Attorneys for Defendant and Counterclaimant
11 Sun Microsystems, Inc.

12 UNITED STATES DISTRICT COURT
13 NORTHERN DISTRICT OF CALIFORNIA
14 SAN FRANCISCO DIVISION

15 NETWORK APPLIANCE, INC.,
16 Plaintiff – Counterclaim
17 Defendant,
18 v.
19 SUN MICROSYSTEMS, INC.,
20 Defendant -
21 Counterclaimant.

CASE NO. 3:07-CV-06053 EDL

**SUN MICROSYSTEMS, INC.’S NOTICE OF
RENEWED MOTION AND RENEWED
MOTION FOR PARTIAL STAY OF THE
CASE PENDING REEXAMINATION OF
UNITED STATES PATENT NO. 6,892,211**

**Date: TBD
Time: TBD
Courtroom: E, 15th Floor
Hon. Elizabeth D. Laporte**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. PROCEDURAL BACKGROUND	2
A. Case Background	2
B. The Reexamination Proceeding	3
III. ARGUMENT	4
A. Sun’s Renewed Motion Should Be Granted Because There Is Now A “Significant Change In The Reexamination Status” of the ’211 Patent	4
B. There is a Liberal Policy Favoring Granting Stays Pending Reexamination.....	5
C. The Court Should Exercise Its Discretion To Stay This Litigation As To The ’211 Patent	5
1. Discovery Is Not Complete And No Trial Date Is Set.....	6
2. Granting A Stay Will Simplify The Issues In Question and The Trial	6
3. A Stay Will Not Unduly Prejudice NetApp or Present A Clear Tactical Disadvantage to NetApp	8
IV. CONCLUSION.....	9

TABLE OF AUTHORITIES

Page

CASES

<i>ASCII Corp. v. STD Entm't USA, Inc.</i> , 844 F.Supp. 1378 (N.D. Cal. 1994)	5
<i>C.R. Bard, Inc. v. U.S. Surgical Corp.</i> , 388 F.3d 858 (Fed. Cir. 2004).....	7
<i>Ethicon, Inc. v. Quigg</i> , 849 F.2d 1422 (Fed. Cir. 1988).....	5
<i>Ho Keung Tse v. Apple, Inc.</i> , 2007 WL 2904279 (N.D. Cal. 2007).....	5
<i>In re Cygnus Telecomms. Tech., LLC v. Patent Litig.</i> , 385 F.Supp.2d 1022 (N.D. Cal. 2005)	5
<i>Landis v. N. Am. Co.</i> , 299 U.S. 248 (1936).....	5
<i>Procter & Gamble Co. v. Kraft Foods Global, Inc.</i> , 2008 WL 3833576 (N.D. Cal. Aug. 15, 2008) (stay granted).....	5
<i>Target Therapeutics, Inc. v. SciMed Life Sys., Inc.</i> , 33 U.S.P.Q.2d 2022 (N.D. Cal. 1995).....	8

STATUTES

35 U.S.C. § 102.....	2, 4
35 U.S.C. § 103.....	2, 4,

Defendant Sun Microsystems, Inc. ("Sun") respectfully moves to stay this case, but only with respect to the claims and defenses regarding Network Appliance, Inc.'s ("NetApp") United States Patent No. 6,892,211 ("the '211 patent") pending completion of the United States Patent and Trademark Office's ("PTO") reexamination of this patent.

NOTICE OF MOTION

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

NOTICE IS HEREBY GIVEN that on September 30, 2008 at 9:00 a.m., or as soon thereafter as counsel may be heard by the above-titled court, located at 450 Golden Gate Avenue, San Francisco, California 94102, Sun Microsystems, Inc. will and hereby does move the Court for an order staying the case with respect to United States Patent No. 6,892,211, pending completion of the PTO's reexamination of this patent.

This motion is based on this Notice of Motion, the Memorandum of Points and Authorities, the Declaration of Christine Corbett filed herewith, the pleadings and papers on file herein and any evidence and argument presented to the Court at the time of the hearing.

STATEMENT OF RELIEF

Sun seeks an order from the Court staying this case with respect to United States Patent No. 6,892,211 pending completion of the PTO's reexamination of this patent.

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

On April 15, 2008, Sun promptly requested the Court stay the case with respect to NetApp's '211 patent (and two other patents) pending completion of the PTO's reexamination of the patent. On May 23, 2008, the Court denied Sun's request, but indicated that Sun could renew its motion to stay "if there is a significant change in the reexamination status at any time in the litigation." (Dkt. #68). That time has come.

On August 28, 2008, the PTO issued its initial office action in the '211 patent inter partes reexamination proceeding, *rejecting* all 24 claims of the '211 patent based on twelve prior art references. This office action was posted on the PTO's website on September 2, 2008.

In rejecting all of the claims of the patent, the PTO found that prior art references

1 invalidated the claims as being both anticipated and obvious under 35 U.S.C. §§ 102 and 103. In
2 total, the PTO found *sixteen* bases for rejecting the claims.

3 Based on this office action, it is unlikely the '211 patent will survive reexamination. Even
4 if some of the individual claims were to survive reexamination, which is unlikely, it is highly
5 probable the surviving claims would be substantially narrowed by the PTO during reexamination.
6 Thus, any interim rulings by the Court or the jury on the current claims likely would be rendered
7 moot.

8 Given the Court's preference to continue to streamline this case, staying the case as to the
9 '211 patent will considerably reduce the amount of time, resources and money that otherwise
10 would need to be spent by the Court and the parties. If a stay is issued, the Court could defer
11 issuing constructions on the three '211 patent claim terms now before the Court, and would not in
12 the future need to address the other '211 patent claim terms the parties agree must also be
13 construed before the '211 patent claims and defense may proceed to trial. Moreover, only one of
14 the four named inventors of the '211 patent has been deposed to date, and patent prosecution
15 counsel for the '211 patent have not yet been deposed. Nor have depositions been taken of Sun
16 witnesses concerning the relevant operation of the Sun products accused of infringing the '211
17 patent. In other words, the time is ripe for staying the case with respect to the '211 patent. Sun
18 respectfully requests that the Court grant Sun's request to stay this litigation as to the '211 patent
19 until the PTO either issues a final office action in the reexamination (rejecting the claims), or
20 issues a reexamination certificate (issuing modified claims or confirming the existing claims).

21 **II. PROCEDURAL BACKGROUND**

22 **A. Case Background**

23 NetApp initiated this lawsuit on September 5, 2007, in the Eastern District of Texas,
24 accusing Sun of infringing seven patents. On October 25, 2007, Sun filed its Answer and
25 Counterclaims, accusing NetApp of infringing twelve patents. On November 30, 2007, the case
26 was transferred to the Northern District of California.

27 In April, 2008, Sun moved to stay the case with respect to NetApp's '211 patent, '292
28 patent and '001 patent pending completion of the PTO's reexamination of these patents. The

1 Court granted Sun's motion as to the '001 patent, but denied it as to the '211 patent and '292
2 patent. The Court denied Sun's motion as to these two patents because, in part, "there has been
3 no indication from the PTO that these claims will be rejected...." (Dkt. #68.) The Court
4 indicated that Sun may move for a stay of the '211 patent "if there is a significant change in the
5 reexamination status at any time in the litigation." (*Id.*)

6 In June, 2008, the Court ordered the parties to reduce the number of patents for initial
7 claim construction by the Court to three NetApp patents and five Sun patents. Despite the fact
8 the PTO had granted Sun's request for reexamination in April, 2008, despite the fact that Sun
9 advised NetApp that NetApp should not select the '211 patent for inclusion in the initial round of
10 claim construction because Sun would move for a stay as to the '211 patent if and when the PTO
11 issued its initial office action rejecting the claims of that patent, and despite the fact that NetApp
12 had other patents-in-suit to select for initial claim construction that were not subject to pending
13 reexamination proceedings, NetApp selected the '211 patent as one of its three patents of initial
14 claim construction.

15 In addition to limiting the number of patents at issue during the first round of claim
16 construction, the Court also ordered the parties to identify twenty priority terms of the selected
17 eight patents. (Dkt. #76.) Of these twenty terms, the Court agreed to construe the first fourteen
18 terms. (Dkt. #80.) The Court held a *Markman* hearing as to these fourteen terms on August 27,
19 2008. The fourteen terms addressed at the *Markman* hearing did not include two other claim
20 terms in the '211 patent that the parties agree need to be construed. (Dkt. #70.)

21 Fact discovery does not close until January 16, 2009. No further dates, including a trial
22 date, have been set.

23 **B. The Reexamination Proceeding**

24 The '211 patent issued on May 10, 2005, and claims technology that was neither novel nor
25 inventive. As evidenced by the office action rejecting all 24 claims of the '211 patent, the
26 technology claimed in the '211 patent is present in many prior art references that were not
27 considered or reviewed during the initial prosecution of the '211 patent in the PTO. As such, on
28 December 14, 2007 – a little over three months after the filing of the complaint – Sun requested

1 the PTO grant reexamination as to all claims of the '211 patent. (Declaration of Christine K.
 2 Corbett In Supp. of Renewed Mot. to Stay ("Corbett Decl."), ¶ 2.) On or about April 2, 2008, the
 3 PTO issued an order granting reexamination as to all 24 claims of the '211 patent based on
 4 thirteen prior art references, finding a "substantial new question of patentability." (Corbett Decl.,
 5 ¶ 3.)

6 On September 2, 2008, the PTO posted on its website an August 28, 2008, office action
 7 **rejecting** all 24 claims of the '211 patent as either anticipated under 35 U.S.C. § 102 or obvious
 8 under 35 U.S.C. § 103. (Corbett Decl., ¶ 4, Ex. A.) Given the strength of the cited prior art and
 9 the statistics (discussed below) demonstrating that claims undergoing reexamination usually are
 10 rejected or undergo substantial narrowing, it is highly likely that all claims of the '211 patent will
 11 be invalidated or substantially narrowed during the reexamination proceeding.

12 **III. ARGUMENT**

13 **A. Sun's Renewed Motion Should Be Granted Because There Is Now A** 14 **"Significant Change In The Reexamination Status" of the '211 Patent**

15 In the Court's May 23, 2008, Order, the Court stated Sun may move for a stay of the '211
 16 patent "if there is a significant change in the reexamination status at any time in the litigation."
 17 (Dkt. #68.) The Court recognized "that future actions by the PTO could alter" the Court's
 18 original decision denying Sun's motion to stay the '211 patent.

19 The PTO's recent rejection of all claims of the '211 patent is precisely the "significant
 20 change" that warrants granting Sun's renewed motion to stay the case vis-à-vis the '211 patent.
 21 Significantly, the PTO rejected *all independent* claims of the '211 patent as anticipated under 35
 22 U.S.C. § 102 based on *eight separate* prior art references. The PTO also rejected all claims of the
 23 '211 patent as obvious under 35 U.S.C. § 103 in view of multiple references. As such, it is highly
 24 likely that all claims of the '211 patent will be invalidated or substantially narrowed during the
 25 reexamination proceeding.

26 Indeed, this Court held that while "general and limited statistics are not very helpful in
 27 predicting the outcome of issuing a stay in this case...[s]omewhat more helpful are the PTO
 28 actions in the actual reexaminations at issue..." (Dkt. #68 at p.5.) In granting Sun's motion to

1 stay the case with respect to the '001 patent, the Court relied, in part, on the fact that the PTO had
 2 issued an initial office action rejecting all claims of the '001 patent, "indicating that claim
 3 cancellation or modification is at least somewhat likely for these claims." (*Id.*) Now, with
 4 respect to the '211 patent, the PTO's initial office action also indicates that claim cancellation or
 5 modification is at least somewhat likely (if not very likely) for all claims of the '211 patent. For
 6 this reason and the reasons set forth below, Sun's motion to stay the case with respect to the '211
 7 patent should be granted.

8 **B. There is a Liberal Policy Favoring Granting Stays Pending Reexamination**

9 As briefed in Sun's April 15, 2008 motion to stay, a district court has the inherent power
 10 to stay litigation pending resolution of reexamination proceedings before the PTO. *See Landis v.*
 11 *N. Am. Co.*, 299 U.S. 248, 254 (1936); *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426-27 (Fed. Cir.
 12 1988). To that end, "there is a liberal policy in favor of granting motions to stay proceedings
 13 pending the outcome of USPTO reexamination...proceedings," and such motions frequently are
 14 granted in this district. *ASCII Corp. v. STD Entm't USA, Inc.*, 844 F.Supp. 1378, 1381 (N.D. Cal.
 15 1994); *see also Procter & Gamble Co. v. Kraft Foods Global, Inc.*, 2008 WL 3833576 (N.D. Cal.
 16 Aug. 15, 2008) (stay granted).

17 **C. The Court Should Exercise Its Discretion To Stay This Litigation As To The**
 18 **'211 Patent**

19 In determining whether to grant a stay pending reexamination, courts consider: (1)
 20 whether discovery is complete and whether a trial date has been set; (2) whether a stay will
 21 simplify the issues in question and trial of the case; and (3) whether a stay would unduly
 22 prejudice or present a clear tactical disadvantage to the non-moving party. *See, e.g., Ho Keung*
 23 *Tse v. Apple, Inc.*, 2007 WL 2904279, at *2 (N.D. Cal. 2007). "A stay is particularly justified
 24 where the outcome of the reexamination would be likely to assist the court in determining patent
 25 validity and, if the claims were cancelled in the reexamination, would eliminate the need to try
 26 the infringement issue." *In re Cygnus Telecomms. Tech., LLC v. Patent Litig.*, 385 F.Supp.2d
 27 1022, 1023 (N.D. Cal. 2005). Here, the factors have and continue to support granting a stay.

28 ///

1 **1. Discovery Is Not Complete And No Trial Date Is Set**

2 There is no legitimate dispute that at the time of filing Sun's original motion to stay,
3 discovery was at a very early stage. No documents (other than those produced pursuant to the
4 patent local rules) were produced and no depositions had taken place. Although nearly five
5 months have passed, discovery is still nowhere near completion. In fact, discovery on behalf of
6 NetApp is moving at such a slow pace, Sun was forced to seek an extension of the fact discovery
7 cut-off date (which is now set for January 16, 2009).

8 With respect to the '211 patent, NetApp has not yet indicated that document production is
9 complete vis-à-vis those inventors still employed by NetApp. (Corbett Decl. ¶ 5.) Moreover, of
10 the four listed inventors on the '211 patent, only one inventor deposition has taken place.
11 (Corbett Decl. ¶ 6.) None of the patent prosecution attorneys who prosecuted the '211 patent
12 have yet been deposed. (*Id.*) Nor have any Sun personnel who will testify as to the Sun products
13 accused of infringing the '211 patent been deposed. (*Id.*) No dispositive motions have been filed.
14 No expert discovery has commenced. Other than the fact discovery cut-off date, which was
15 extended, no other dates, including a trial date, have been set.

16 As such, this factor weighs in favor of granting a stay as to the '211 patent.

17 **2. Granting A Stay Will Simplify The Issues In Question and The Trial**

18 A stay concerning the '211 patent will certainly simplify the issues and streamline the
19 claim construction process and ultimate trial, thereby reducing the burden on, and preserving the
20 resources of, both the Court and the parties. It is highly probable that all of the asserted claims of
21 the '211 patent will be rejected or, at a minimum, be significantly narrowed, during
22 reexamination. This conclusion is not just based upon the PTO's actions and statements to date,
23 and the number and strength of the cited prior art references, but also is supported by statistics
24 showing that claims are affected by a reexamination ninety-one percent (91%) of the time for
25 *inter partes* reexaminations.

26 Specifically, issues relating to claim construction, validity, infringement, unenforceability
27 and damages may be significantly narrowed or eliminated by the PTO's reexamination because
28 some or all claims may be cancelled or amended. A stay with respect to the '211 patent in this

1 patent-crowded case will promote judicial economy because the Court can defer issuing a claim
 2 construction order regarding the terms currently at issue in the '211 patent. The parties and the
 3 Court also can avoid conducting yet another *Markman* hearing on the additional terms of the '211
 4 patent that the parties indicated require construction before summary judgment or trial could
 5 proceed. In this regard, the parties dispute the scope of the prior art applicable to the '211 patent
 6 – with Sun contending that prior art database technologies read on the patent while NetApp
 7 contends otherwise. In its initial office action, the PTO rejected claims, in part, based on database
 8 technology, expressly concluding that such prior art is relevant to the invalidity of the patent.

9 Importantly, even if some of the claims somehow survive reexamination, statements made
 10 by NetApp and the Examiner during the reexamination proceeding will be highly relevant to the
 11 proper construction of any surviving claims.¹ See *C.R. Bard, Inc. v. U.S. Surgical Corp.*, 388 F.3d
 12 858, 867-69 (Fed. Cir. 2004) (citing statements made by patentee during reexamination to support
 13 the district court's claim construction and judgment of non-infringement). Additionally, the
 14 PTO's decisions and analysis of the prior art during reexamination will help narrow the validity
 15 issues and provide the Court with the PTO's understanding of the prior art. Because Sun
 16 requested an *inter partes* reexamination of the '211 patent, Sun will be precluded in this district
 17 court from relying on any reference considered by the PTO during reexamination. Thus, if any
 18 claims of the '211 patent survive reexamination, Sun's inability to rely on the cited prior art
 19 references will greatly simplify the validity issues to be addressed during the district court action.

21 ¹ Indeed, statements made by the Examiner in the initial office action are already relevant to claim
 22 construction. As the Court is aware, the parties dispute whether the word "and" means "and" or
 23 "and/or" in the claim phrase "pointing directly and indirectly to buffers in said memory and a second
 24 set of blocks on said storage system." In its request for reexamination of the '211 patent, Sun advanced
 25 art that, in Sun's view, demonstrated "pointing directly and indirectly to buffers in said memory and a
 26 second set of block on said storage system." In the initial office action, the Examiner rejected Sun's
 27 assertion that claims 1, 9 and 17 of the '211 patent are anticipated by a prior art reference because the
 28 Examiner concluded that the reference showed direct pointing of records but did not disclose an inode
 that "points **directly and indirectly** to a first set of blocks." (Corbett Decl., ¶ 4, Ex. A at p. 27)
 (emphasis in original). Similarly, the Examiner rejected Sun's assertion that claims 1-6, 6-14 and 17-
 22 of the '211 patent are anticipated by a prior art reference because the Examiner concluded that
 reference shows indirect pointing of file data pages, but does not show a "'root inode' that points
directly and indirectly to a first set of blocks." (Corbett Decl., ¶ 4, Ex. A at p. 28) (emphasis in
 original). The Examiner's reading of the "directly and indirectly" language is the same as Sun's
 construction, and is contrary to NetApp's construction.

Not only will a stay simplify the issues, but a stay also will be consistent with the Court's request to further streamline this case. Staying the case with respect to a patent that is likely to face claim cancellations and/or claim modifications is a logical place to start. Absent a stay, this Court likely will spend time and resources construing and trying patent claims that may be eliminated or amended during reexamination. *See Target Therapeutics, Inc. v. SciMed Life Sys., Inc.*, 33 U.S.P.Q.2d 2022, 2023 (N.D. Cal. 1995) (without a stay, a court may waste time examining validity of claims modified or eliminated in reexamination).

3. A Stay Will Not Unduly Prejudice NetApp or Present A Clear Tactical Disadvantage to NetApp

NetApp will not be prejudiced by a partial stay pending the PTO's reexamination of the '211 patent. Indeed, given that NetApp is dragging its heels in discovery, NetApp cannot now argue that time is of the essence vis-à-vis the '211 patent. Moreover, given that the remaining patents at issue target the same accused product (ZFS), NetApp cannot argue that a stay of the '211 patent will preclude or deny NetApp from attempting to prove that ZFS infringes NetApp patents.

NetApp may once again argue that it should be allowed to select which patents should proceed to trial. Such an argument, however, would turn every motion to stay on its head. As the PTO has confirmed, there are serious validity issues with the '211 patent. It makes no sense to proceed through additional claim construction issues, summary judgment and trial on a patent that will face claim cancellations or serious claim modifications.

Moreover, the situation NetApp now faces is of its own making. Of the six patents NetApp could have selected as its three patents in the first phase of claim construction, NetApp decided to select two patents (the '211 and '292 patents) that are in reexamination. As Sun repeatedly informed the Court and NetApp, Sun would seek a stay of the '211 and '292 patents once their status changes in the PTO. Indeed, in a Supplemental Joint Case Management Statement filed in May, 2008, Sun noted as follows:

NetApp is on fair notice that if the Court adopts its proposal, and if NetApp selects the '211 and '292 patents to pursue, those patents

may be later stayed for good cause shown due to their status in the PTO. If the Court adopts NetApp's proposal, NetApp should weigh the risk of the PTO's rejection of the claims of the '211 and '292 patents (which is likely to occur given the strength of the prior art being asserted against those patents) in deciding which patents to select.

(Corbett Decl., ¶ 7, Ex. B.)

In denying Sun's motion to stay as to the '211 patent, the Court also noted that the lapse of time during reexamination could result in the loss of evidence over time. This concern, however, is a non-issue. As set forth above, the '211 patent is asserted against the same product (ZFS) as the patents that are currently in the litigation. As such, NetApp will have an opportunity to depose Sun individuals now regarding the development and functionality of ZFS.

Finally, there is no clear tactical disadvantage to NetApp. This is not a case where reexamination is sought on the eve of trial or after protracted discovery. Indeed, the Court recognized that "Sun neither delayed in requesting reexamination nor in requesting the stay." (Dkt. #68 at p. 7.) The only alleged tactical disadvantage NetApp will likely articulate is that NetApp would be asserting two patents and Sun would be asserting five patents. However, there is no authority for the proposition that the mere reduction of the number of active patents-in-suit is a ground to deny a partial stay.

IV. CONCLUSION

Staying the case pending reexamination of the '211 patent will promote judicial economy, simplify the issues in this case and will not unduly prejudice NetApp. Accordingly, Sun respectfully requests the Court grant a stay regarding the '211 patent until the PTO either issues its final office action or issues a reexamination certificate. At that time, the Court and the parties can determine whether a further stay is warranted.

Dated: September 8, 2008

DLA PIPER US LLP

By *Christine K. Corbett*
 MARK D. FOWLER
 CHRISTINE K. CORBETT
 Attorney for Defendant and Counterclaimant
 SUN MICROSYSTEMS, INC.